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FROM THE AMERICAN PEOPLE

COMBATING CORRUPTION IN THE PUBLIC SECTOR (Millennium Challenge Corporation)



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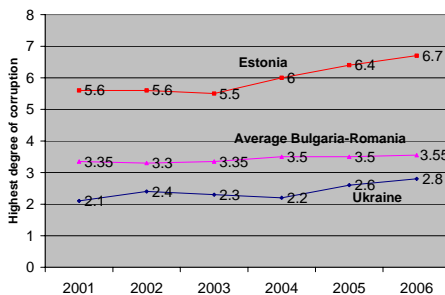
Ukraine's Minister of Economy Volodymyr Makukha (left) and USAID Acting Assistant Administrator Drew Luten (right) sign the TCP agreement in Washington in December 2006.

THE CHALLENGE

Ukraine has experienced corruption at levels that have inhibited economic development and foreign investment. Some 22 percent of Ukrainians say that they have paid a kickback to a government official or state bureaucrat over the last year.

Corruption Perception Index for Ukraine

Source: Transparency International



A Corruption Perception Index relates to perception of the degree of corruption as seen by business people, academics and risk analysts, and ranges between 10 (highly clean) and 0 (highly corrupt)

OVERVIEW

In November 2005 the U.S. government's Millennium Challenge Corporation named Ukraine as a candidate country to participate in its Threshold Country Program, after which Ukraine developed and submitted a program that addressed the corruption issues plaguing Ukraine. Ukraine's Threshold Program, approved by the MCC in May 2006 and formally agreed upon by Ukraine and the U.S. in December 2006, aims to reduce corruption in the public sector through strengthening civil society's monitoring and exposure of corruption, judicial reform, increased government monitoring and enforcement of ethical and administrative standards, streamlining and enforcing regulations, and combating corruption in higher education.

While Ukraine's leadership has recognized that corruption is a problem within government there had not been a comprehensive effort to combat it. International organizations and experts have repeatedly highlighted the targeted areas as significantly sources of corruption, constraining economic investment and growth and limiting access to fair and equal opportunity and justice for the Ukrainian people. Initial steps for introducing reform in these four areas have already been taken – including passage of the Concept of Judicial Reform, deregulation at the national and oblast levels, and passage and initial implementation of the Permit System Law. The Ukraine Threshold Program is an aggressive, multifaceted program that will build upon lessons learned and initiate necessary steps to invigorate ongoing efforts to attack public sector corruption.

PROGRAMS

Strengthen Civil Society's Monitoring and Exposure of Corruption

Thousands of Ukrainian nongovernmental organizations (NGOs) actively represent the interests of their constituencies, promote public policies, monitor government performance, and successfully advocate for reforms. Furthermore, the mass media enjoy fundamental press freedoms and offer the public a range of sources of professional news and information. Despite the substantial progress of recent years, Ukrainian civil society and media are not meeting their full potential as effective monitors of government and advocates for reform. This component aims to reduce opportunities for corruption by enabling civil society to be more effective monitors of government and advocates for reform.

Judicial Reform

Critical to efforts to fight corruption is increasing the level of transparency in the delivery of justice by introducing permanent improvements in key legislative, procedural and institutional arrangements. The proposed activities will also contribute to fostering a more professional cadre of

EXPECTED RESULTS

- Reduce the perceived level of corruption in all areas by 10 percent.
- Reduce experiential corruption in all areas by 20 percent.
- 30 percent of NGO advocacy campaigns result in government reforms.
- Reduce the number of cases brought to the European Court of Justice by 30 percent.
- Increase the number of notary violation findings that result in sanctions or prosecutions by 30 percent.
- Increase compliance with procedures in ministries with an Internal Investigative Unit (target to be determined upon establishment of the Internal Investigative Unit).
- Reduce the number of users who indicate that they made unofficial payments in areas of customs, transportation, construction, land usage and ownership, and municipal services by 20 percent.
- Increase to 100 percent the percentage of students tested for university admission.

Implementing Partners

Managed by the United States Agency for International Development (USAID)

The program is being implemented by:

- Department of Justice
- Management Systems International
- Chemonics International, Inc.
- Ukrainian Commercial Law Center
- Booz Allen Hamilton
- American Institute for Research

administrative judges, court personnel, and notaries. The goal of this component is to increase transparency in the judicial sector.

Government Monitoring and Enforcement of Ethical and Administrative Standards

Currently Ukraine has no general conflict of interest legislation for government officials except for certain provisions that limit business opportunities for family members of officials. Additionally, although there are requirements that candidates for public office and civil servants declare their assets, the methodology has flaws and omissions, and submitted declarations are rarely checked and even more rarely are sanctions imposed for falsification. This component will create systems to strengthen accountability among government officials and enable the Government of Ukraine to better monitor and enforce ethical and administrative standards.

Streamlining and Enforcing Regulations

One of the most widespread corruption practices in the area of trans-border transportation relates to the significant share of shadow shipments that occur with the compliance of corrupt border officials. A single integrated database with user access by different agencies will make the process more transparent

Complicated, confusing and overlapping systems providing construction permits, delivery of municipal services, land and property ownership and usage are sources of significant corruption. Both private individuals and legal entities must complete an enormous number of steps to start any construction activity. The processes are neither transparent, nor defined in time, and there is clear evidence of corruption at all steps. This component will change the legislative and regulatory framework for property transactions, reform the permit system, and streamline lines of responsibilities and procedures in order to reduce corruption in these areas.

Combating Corruption in Higher Education

Recognizing the importance of reducing corruption within the educational system, a national testing center, the Ukrainian Center of Evaluation of Education (UCEE), has been established. Additional work is required, however, to fully implement the external testing system as well as to ensure its integrity. The goal of this component is to reduce corruption in higher education by establishing a legal framework requiring a minimum test score for admission to universities; developing a functioning security system for test results; and ensuring that 100 percent of students are tested and the test centers are fully operational.

The Government of Ukraine will also use additional indicators on corruption drawn from MCC's "Control of Corruption" indicator to measure program effectiveness.

For more information, please contact USAID/Ukraine Development Outreach & Communications, tel. (380 44) 537 4600 or visit <http://ukraine.usaid.gov>